



Fire Ambulance Fees Audit Report

Issued by the
Internal Audit Office
April 22, 2008

**City of El Paso
Internal Audit Office
Fire Ambulance Fees Audit**

EXECUTIVE SUMMARY

The Internal Audit Office has concluded its audit of the Fire Ambulance Fees Audit. Internal control weaknesses and inefficiencies were identified within Currey Adkins, the City of El Paso's Financial Services Department, and the El Paso Fire Department. Based on the results of the audit, nine findings were identified to indicate that Currey Adkins is not complying with all of the collection, billing, and reporting requirements of contract number 2003-208R and the City of El Paso is not providing proper oversight of the contract. Seven of these findings are considered significant in nature, while two findings are not significant.

Listed below is a summary of the Seven (7) significant findings identified in this report.

1. There are inefficiencies within the City of El Paso's Fire Department that cause delays in ambulance incident reports getting completed and submitted, which in turn affect the collection process of ambulance service fees.
2. There is minimal review of Currey Adkins' Invoices and accompanying charges by the City of El Paso's Financial Services Department and Fire Department. As a result of the lack of oversight, Currey Adkins is earning gross profits of as much as 50% on the sale of materials and is providing and charging for services that are outside the scope of the Fire Ambulance Fees contract.
3. Currey Adkins is not complying with the Billing and Collection requirements of contract number 2003-208R. A review of a sample of initial billings identified that Currey Adkins is not tracing, locating, contacting, and billing patients or insurance companies within 7 days of receipt of the account from the El Paso Fire Department and is not maintaining contact with the appropriate parties.
4. Currey Adkins' collection efforts for medical insurance filings are inadequate and inefficient.
5. Currey Adkins is writing-off and adjusting account balances without formal written direction from the City of El Paso. Accurate records are not maintained of the collection efforts of write-offs and adjusted accounts, and accurate coding is not used for all collection processes.
6. Past due, delinquent, and charged-off accounts are not being reported to the Credit Bureau.
7. On an overall basis, Currey Adkins is not in compliance with the collection, billing, and reporting requirements of contract number 2003-208R.

Listed below are the two (2) findings listed as "Other Findings."

8. Currey Adkins is providing an incorrect allowance of 100% to medically indigent patients. Currey Adkins has not documented the requirements of its Medically Indigent Program and is using outdated indigent allowance income guidelines.
9. Currey Adkins' "FMS Gross Charges and Net Effective Collection Rate" report and the statistical reports prepared for the bi-weekly meetings between Currey Adkins and the City of El Paso are inaccurate and inconsistent.

For a detailed explanation of each of the findings please refer to the appropriate finding contained in the body of this Audit Report.

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BACKGROUND

Currey Adkins, formally known as Currey Adkins Cook (CAC), provides Information Technology and Business Solutions to domestic and international countries. Their services range from analysis and planning, to system design, implementation, operation and support. Currey Adkins currently has a nine-year contract with the City of El Paso (No. 2003-208R); the contract term is September 1, 2003 through August 31, 2012. When the original Request for Proposal went out for bid the term of the contract was to be five years with two additional two year options. Currey Adkins offered a lower rate for its collection fee if the two extensions were exercised when the five year contract was issued. The City of El Paso exercised the two options and awarded the contract to Currey Adkins with a term of nine years. Currey Adkins has been collecting fire ambulance fees for the City of El Paso for approximately twenty years. As of January 2, 2008, Currey Adkins reported an Accounts Receivable balance of \$74,745,518.24. In addition to collecting fire ambulance fees for the City of El Paso, Currey Adkins also has been tasked with automating the Fire Department by being enabled to purchase any electronic/technical equipment that is related to medical billing.

Part of the review of the contract with Currey Adkins required determining if the commission rate currently paid to Currey Adkins for account billing services and the Net Effective Collection Rate (NECR) required of Currey Adkins was consistent with other cities/counties. A survey of six other cities/counties was conducted with the following results:

City/County	Contractor or entity collecting fire ambulance fees	Commission Rate	Required Net Effective Collection Rate (NECR)	Comments
City of El Paso, TX	Currey Adkins	17.22% or 15.50 % for prompt payments	52%	
Bernalillo County, NM	None	n/a	n/a	Do not collect Fire Ambulance Fees
City of Albuquerque, NM	None	n/a	n/a	Do not collect Fire Ambulance Fees
City of Austin, TX	Billing done in-house & delinquent accounts collected by Collection Company of America (CCA)	22% for the first 9% of batch collected & 25% for any fees collected after 9% level is reached	CCA estimate of 9.5%, but not a minimum requirement per contract	Billing is done in-house with City of Austin EMS resources and delinquent accounts are collected by contractor CCA
City of Las Cruces, NM (Dona Ana County)	AMR (American Medical Response)	n/a	n/a	AMR services Dona Ana County and collects own fees and receives subsidies from Dona Ana County for indigents
City of Phoenix, AZ	n/a - collected "in-house"	n/a	goal 73% (actual 66%)	
City of San Antonio, TX	Medical-Dental-Hospital Bureau of San Antonio, Inc. DBA Business and Professional Service (B&P)	10.9% of net amount collected	62.50%	If NECR is not achieved, the City is entitled to deduct a sum from the Contractor's performance deposit. (Contract available for review)

In addition to the operations within Currey Adkins, the Internal Audit Office also assessed the operations within the El Paso Fire Department in regards to the documentation of an incident call and the review of Currey Adkins' invoices. The Internal Audit Office also conducted a limited review of the operations within the City of El Paso's Financial Services Department in regards to the monitoring of the contract with Currey Adkins and the reconciliation of Currey Adkins' invoices.

SCOPE AND METHODOLOGY

The audit objectives of this audit were to ascertain if Currey Adkins was adhering to the contract terms and conditions. To determine this, the audit steps addressed the following risk factors within the following categories:

Billing and Collection Efforts

- Obtained an understanding of the billing and collection efforts by flowcharting the billing and collection effort process.
- Determined if billing collection information provided to the City of El Paso properly matched internal documents submitted by Currey Adkins.
- Determined if the collection fees were consistent with the contract terms.
- Documented the billing and collection of claims.
- Selected a sample of insurance claims, Medicare & Medicaid, private pays, and indigent pays and tested to determine if Currey Adkins was working on all claims equally or just selecting the easy claims to process.
- Obtained an understanding of the rebilling process for claims which were initially rejected.
- Reviewed and documented the rebilling process.
- Reviewed and documented the procedures involved in charging off uncollectible accounts.
- Reviewed and documented the charge-offs authorization process. Also determined what was done after accounts were charged-off.

Compliance with Contract Terms

- On an overall basis determined if Currey Adkins was compliant with the contract. Identified if Currey Adkins was fulfilling the requirements of the contract and focused on key contract risks.
- Determined if there was proper record keeping.
- Determined if Currey Adkins was complying with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirements.

Reports and Oversight

- Reviewed and documented the reports that are provided to the City of El Paso Financial Services or the Fire Department.
- Reviewed and documented Performance Measures reported to the City of El Paso.
- Tested reports for accuracy.
- Determined if Currey Adkins provided an aging report of accounts receivable to Financial Services or the Fire Department.
- Reviewed and documented policies and procedures in place by the City of El Paso Financial Services or Fire Department to review and monitor the information in the reports.

The audit period covered Fiscal Year 2007 – 2008.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

SIGNIFICANT FINDINGS AND RECOMMENDATIONS

The definition of a significant finding is one that has a material effect on the City of El Paso's financial statements, identifies an internal control breakdown, a violation of a City procedure, law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as an "Other Finding".

Finding 1

Inefficiencies within the Fire Department

There are several inefficiencies within the Fire Department that cause delays in ambulance incident reports getting completed and submitted to Currey Adkins, and in turn affect the collection process of ambulance service fees.

- Only one Fire Department crew member has access to finalize an incident report. The crew member that initiates an incident report is the only one who has access to finalize the report.
- The "required fields" needed to complete an incident report within the Rescue Net software are not adequate to bill a patient.
- Between the period of 7/24/2007 – 11/13/2007, Currey Adkins reported that the City of El Paso Fire Department did not collect, on average, patient phone numbers approximately 97% of the time and Social Security numbers 42% of the time.
- The Fire Department is not submitting all Crew Work Reports to Currey Adkins. As of January 8, 2008 Currey Adkins reported 245 missing Crew Work Reports for billable transports for the month of December 2007, which amounts to approximately \$150,000.00 in lost revenue.

Recommendation

The City of El Paso Fire Department needs to:

- Update the Rescue Net system to allow more than one individual to complete an incident report and add additional required fields to acquire better information.
- Stress the importance of obtaining adequate information by basing employee performance on the percentage of information collected.

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Finding 2

Currey Adkins Invoice Reconciliation

There is minimal review of the Currey Adkins Invoice and accompanying charges by the City of El Paso's Financial Services Department and Fire Department. The Fire Department is not reviewing that purchases made by Currey Adkins for equipment, software, and services for the City of El Paso are valid and that the charges are accurate.

- There is no independent review being conducted of the additional charges listed on the Currey Adkins invoice against supporting internal Currey Adkins invoices.
- The City of El Paso Financial Services only confirms the additional invoice charges against the original agreed upon costs. The agreed upon costs include hidden costs and on occasion cost Currey Adkins less than what they had projected, but Currey Adkins still bills the projected cost.
- Currey Adkins does not provide cost breakdowns for projects to the City of El Paso which includes projected costs, labor costs, and projected gross profit margins.
- There is no verification by the City of El Paso's Fire Department and Financial Services that the monthly variable interest rate charges for the loans with Currey Adkins are accurate.
- A review of the October 2007 invoice provided to the City of El Paso's Financial Services Department by Currey Adkins was conducted and identified that Currey Adkins did not bill all equipment it purchased for the City at cost and charged the City of El Paso labor costs:

Additional Charges located on October Invoice	Amount billed to City	Amount Billed & Matched to Supporting Detail	Amount not Accounted for	Amount of Labor cost included in bill	Comments
Project Management & Project Integration Zoll Conversion & Fire Station #9	\$6,129.44	\$6,129.44	\$0.00	\$6,129.44	\$6,129.44 consists entirely of labor costs
Cabling Material for MDF at Montana offc	\$135.31	\$135.31	\$0.00	\$0.00	City billed for \$1.39 in sales tax
Replace paging system with valcom system	\$2,772.60	\$2,266.76	\$505.84	\$1,598.00	Only one vendor invoice was available; the rest of documents were CA docs
(45) 6' patch cables	\$535.50	\$101.25	\$434.25	\$0.00	Vendor invoice confirmed
Dell Optiplex Workstation (2)	\$1,989.20	\$1,989.20	\$0.00	\$0.00	
Totals:	\$11,562.05	\$10,621.96	\$940.09	\$7,727.44	

- Currey Adkins is not billing the City of El Paso for equipment and software purchases at "cost plus zero" and is earning gross profits of as much as 50% on the sale of materials.
- Currey Adkins is providing cabling services to the Fire Department, which includes labor costs; these services are outside of the scope of the Fire Ambulance Fees contract and should have been put out for bid by the City of El Paso.

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Recommendation

- Currey Adkins should provide cost breakdowns for proposed projects or services to the City of El Paso which include projected costs, projected gross profit margins, and labor costs.
- Supporting documentation for all charges placed on monthly Currey Adkins billing invoices should be provided to the City of El Paso's Financial Services Department for proper review and reconciliation.
- The Fire Department's Finance Section should be part of the monthly Currey Adkins invoice reconciliation process due to their direct contact with Fire Department operations.

Finding 3

Currey Adkins Initial Billing Review

Currey Adkins is not complying with the Billing and Collection requirements of contract number 2003-208R. A sample of 28 out of 3,000 initial billings with a Date of Service of 9/1/07 - 9/30/07 were selected for review (nine Medicare patients, five Medicaid patients, ten private pay patients, and four indigent patients) with the following results:

- 28 out of 28 (100%) initial billings were not traced, located, contacted, and billed by Currey Adkins within seven days of receipt of the account from the Fire Department, on average the billings were sent after 17 days from the “received/print” date.
- For four out of 28 (14.29%) accounts reviewed, Currey Adkins did not maintain contact with the patient or insurance company on a monthly basis with billings sent no later than 35 days from date of last billing.

Recommendation:

Currey Adkins should comply with the current Fire Ambulance Fees contract terms on billing and collection. Currey Adkins should trace, locate, contact, and bill patient, insurance companies, or funding agencies within seven days of receipt of the account from the Fire Department. Currey Adkins should maintain contact with patients or insurance companies on a monthly basis with billings sent no later than 35 days from date of last billing. If current contract terms are not feasible, consideration should be made to change the contract to correspond to actual practice.

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Finding 4

Medical Insurance Filings – 1st time Filings & Refiles

The collection efforts for medical insurance filings are inadequate and inefficient.

- Medical insurance filings are conducted once a week, with the majority done by paper document, and with no tracking mechanism in place for rebilled accounts.
- The documentation of accounts that need to be re-billed or billed for the first time to an insurance company are maintained in a box labeled “Misc. Inc” and are run through the Quality Check process once a week. If the documentation of an account contains an error and is not corrected in time to be filed on a particular week, the account documentation is placed back in the “Misc. Inc.” box to be processed the following week.

A sample of 34 out of 168 (20.24%) accounts with insurance filings conducted between the period of 9/1/07 to 9/30/07 were selected for review (24 refiles and 10 accounts with one insurance filing) with the following results:

Refiled/rebilled accounts

Topic/Issue related to accounts	Exceptions	Total Reviewed	%
Inadequate collection efforts (see note 1).	24	24	100%
Have not incurred a late fee due to overdue pending insurance claim as of 2/21/08 (see note 2).	7	24	29.17%
Inadequate efforts in obtaining and submitting correct information to insurance companies.	20	24	83.33%
Inadequate and/or inaccurate information documented in Currey Adkins system (see note 3).	12	24	50%

Note 1: Did not send billings or follow-up with insurance companies no later than 35 days from the date of the last billing or last communication with the insurance company or patient.

Note 2: Four of the accounts are pending information submission from either Currey Adkins or the patient. Three of the accounts already received a denial or notice that the wrong insurance was filed and collection efforts were not adequately pursued by Currey Adkins toward the corresponding patient.

Note 3: Further research needed to be conducted by the Internal Audit Office in order to determine the occurrences or status of the account.

Note 4: Twelve of the refiled accounts were TMHP (Texas Medicaid Health Care Partner) claims. Seven out of 12 (58.33%) TMHP claims were denied for code 481 “service not covered benefit” with no patient signature on file, but Currey Adkins still tried to bill patient.

Accounts with one insurance filing/billing

Topic/Issue related to accounts	Exceptions	Total Reviewed	%
Inadequate collection efforts (see note 1 above).	10	10	100%
Involved auto insurance claims submitted in September 2007 with limited or no follow-up conducted on pending claim.	7	10	70%
Have not incurred a late fee because they still have an insurance claim pending as of 2/21/08.	7	10	70%
Inadequate efforts in obtaining and submitting correct information to insurance companies.	5	10	50%

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Recommendation

Currey Adkins should comply with the current Fire Ambulance Fees contract terms on billing and collection. Currey Adkins should trace, locate, contact, and bill patient, insurance companies, or funding agencies within 7 days of receipt of the account from the Fire Department. Currey Adkins should maintain contact with patients or insurance companies on a monthly basis with billings sent no later than 35 days from date of last billing. If current contract terms are not feasible, consideration should be made to change the contract to correspond to actual practice.

Finding 5

Charge-Offs/ Write-offs

The following deficiencies were identified within the write-off process at Currey Adkins:

- Currey Adkins is writing-off deaths and balances under \$5.00 and adjusting balances for indigent patient accounts without formal written direction from the City of El Paso.
- A sample of ten out of 53 (19%) write-offs conducted during the month of September 2007 were selected for review (one "Misc. Write-off," one bankruptcy write-off, and eight deceased write-offs) with the following results:
 - Nine out of ten (90%) write-offs were not adequately and accurately documented in the Currey Adkins electronic system by medical billing clerks, further research needed to be conducted by Internal Audit in order to determine the occurrences or status of the account.
 - Nine out of ten (90%) write-offs were written-off approximately three to seven weeks after Currey Adkins received the required corresponding notice needed to conduct the write-off.
 - As a result, four out of eight (50%) deceased patient write-off accounts incurred a late fee after the patient had passed away, the late fee was written-off instead of reversed.

Recommendation

Currey Adkins should:

- Establish routine written procedures approved by the City of El Paso's Chief Financial Officer for handling account write-offs and adjustments.
- Ensure accurate records of any collection efforts are maintained and that accurate coding is used for all collection processes.

Finding 6

Credit Bureau Reporting

- Past due, delinquent, and charged-off accounts are not being reported to the Credit Bureau.
- The Currey Adkins Patient billing statements and final collection letter (Comptroller Letter) mailed to patients on behalf of the City of El Paso state “The City of El Paso reports certain unpaid accounts to Experian.” Making the statement that certain accounts are reported to Experian when they are not is a violation of the Fair Debt Collection Practices Act Section 807 *False or Misleading Representations*.

Recommendation

Past due, delinquent, and charged-off accounts, with the exception of exempt categories, should be reported to the Credit Bureau.

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Finding 7

Additional Contract Compliance

On an overall basis, Currey Adkins is not compliant with the collection, billing, and reporting requirements of contract number 2003-208R. The following non-compliance issues were identified in addition to the other non-compliance issues identified in Findings one (1) thru six (6).

Non-Compliance issue	Contract, RFP, or Contractor's Proposal Section
Currey Adkins and the City of El Paso have not mutually established written procedures for handling the services described within the contract to include the Medically Indigent Program and allowable write-offs.	RFP & Final Proposal Section B III.a.iv.5 states "the Contractor and the City shall mutually establish routine written procedures ...for handling the services described herein."
Currey Adkins Medical Billing Clerks have limited phone contact with patients even if information needs to be obtained from a patient.	RFP & Final Proposal Section B III.a.v.8 (Collection) states "the Contractor shall attempt contact by telephone as a regular means of the collection effort."
Currey Adkins does not provide the Fire Department with monthly aging reports of accounts receivable or a monthly detailed listing of all accounts.	RFP & Final Proposal Section B III.a.v.13 (Accounting) states "Contractor shall supply ... Comptroller with monthly aging reports of accounts receivable with a copy to the Fire Department." and Section B III.a.vi.1 (Monthly reports) states "contractor shall submit a monthly detailed listing of all accounts...report is due to FD...the 5th business day ..."
The aging report provided to the Chief Financial Officer by Currey Adkins does not at a minimum include the account name and current balance.	RFP & Final Proposal Section B III.a.v.13 (Accounting) states "each quarter the Contractor will provide the City Comptroller with a detail accounts receivable aging report along with a tape...can use as backup... listing will contain at a minimum the account name, current balance, and a summary of billing and collection efforts to date."

Recommendation

Currey Adkins should ensure that it performs in accordance with all of the terms and conditions of contract number 2003-208R.

OTHER FINDINGS AND RECOMMENDATIONS

Finding 8

Medically Indigent Program

Currey Adkins has not documented the requirements of its Medically Indigent Program and is not administering its program in accordance with the Texas Department of State Health Services (TDSHS) County Indigent Health Care Program Handbook.

- Currey Adkins claims it is following Thomason Hospital's requirements for its indigent patients; however they had no documentation to support this claim.
- A review of four indigent patients with a date of service of 9/1/07 – 9/30/07 was conducted with the following results:
 - Currey Adkins has not updated its Indigent Charity Care Allowance Income Guidelines, which it obtained from Thomason Hospital. Four (4) out of four (4) (100%) Indigent accounts reviewed by the Internal Audit Office used Thomason Hospitals "Indigent Charity Care Allowance Income Guidelines effective February 22, 2000" to qualify patients for the City of El Paso's Medically Indigent Program.
 - Three out of four (75%) of the medically indigent accounts reviewed were given an incorrect allowance of 100% (based on the year 2000 guidelines), which according to Currey Adkins verbal procedures require a minimum payment of \$100.00 per patient, in the aggregate causing a potential loss of revenue of \$222.30.

Recommendation

Currey Adkins should:

- Mutually establish routine written procedures with the City of El Paso for handling its Medically Indigent Program.
- Update its Indigent Charity Care Allowance Income Guidelines on a yearly basis to be in accordance with the State of Texas Poverty Income Guidelines which are updated annually.

Finding 9

Reports and Oversight

Currey Adkins' "FMS (Fire Department Billing and Accounts Receivable Management Services) Gross Charges and Net Effective Collection Rate" report and the statistical reports prepared for the bi-weekly meetings between Currey Adkins and the City of El Paso are inaccurate and inconsistent.

- Two out of three (67%) of the FMS Gross Charges and Net Effective Collection Rate reports provided to the City of El Paso's CFO between the period of September 2007 to November 2007 were inaccurate. The reports did not include the "Total Charges MMA*, NOF*, & Ret*" total which created the discrepancy in the Net Effective Collection Rate percentage. The reports were corrected by Currey Adkins and provided to the Internal Audit Office on 1/15/2008, but discrepancies were still identified in the updated October & November reports.
- There is no consistency on the range of dates that are being reported by the "FMS Gross Charges and Net Effective Collection Rate" report and the statistical reports prepared for the bi-weekly meetings between Currey Adkins and the City of El Paso.
 - The FMS Collection Breakdown Report is based on an incident's Date of Service (DOS),
 - The statistical reports are based on the date the incident was loaded into the Currey Adkins System (which may not necessarily be in the same month as an incident's DOS).

*MMA – Medicare Modernization Act – Section 1011
NOF – Unknown (patients who cannot be located)
Ret – Returned mail

Recommendation

Currey Adkins should ensure all reports provided to the City of El Paso are accurate and consistent.

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

Based on the results of this internal audit, Currey Adkins is not complying with the collection, billing, and reporting requirements of contract number 2003-208R in its current form. The City of El Paso's Fire Department lack of oversight has allowed the non-compliance to occur and continue. Contract number 2003-208R is not conducive to actual industry medical billing practices and needs to be modified to deal with the realities of medical billing. The El Paso Fire Department should obtain help in the oversight of the Fire Ambulance Fee service contracts, which cannot be thoroughly monitored by another department that is not familiar with the day to day operations of the Fire Department and is not aware of what services were or were not provided.

Implementation of the recommendations summarized in this Audit Report should assist Currey Adkins and City of El Paso's Fire Department in increasing their ability to meet their objectives to ensure Currey Adkins' compliance with contract number 2003-208R.

We wish to thank the Financial Services Department, Fire Department, and Currey Adkins management and staff for their assistance and courtesies throughout this audit.

Signature on file

Edmundo S. Calderon, CIA, CGAP, MBA
Chief Internal Auditor

Signature on file

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Currey Adkins Responses to Fire Ambulance Fees Audit Report

Received by the
Internal Audit Office on
July 28, 2008

City of El Paso
Internal Audit Office
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Vendor's Response to Audit Findings

July 28, 2008

We are pleased to comment on the City of El Paso Internal Audit Office's Fire Ambulance Fees Audit findings. The audit was performed professionally in a cooperative manner with the goal of identifying areas of potential improvement.

We are particularly proud of the fact that the audit found no mishandling of funds, no violations of the Health Insurance Portability and Accountability Act (HIPAA) relating to patient record confidentiality, and no complaints from citizens relative to our services.

The audit does report nine findings dealing primarily with procedural issues and areas where the contract should be modified to reflect the current environment. We believe that the findings were numbered with the most significant first and the least last. We have done considerable research into the findings and have complete documentation ready to support our responses. In the interest of brevity we offer the following observations:

Finding 1. The finding comments about challenges city employees have gathering and transmitting information to us. The audit is correct in finding that additional effort on the part of the city would result in higher collection numbers. This is a budget and policy issue. While improvement is desirable and necessary we have taken steps at our cost to compensate for these difficulties as best we can. This situation is a direct cause of the issue in Finding 3. Under the current circumstances we have found no reason to raise the issue to the level of contract modification and are willing to continue to do what we can do to help.

Finding 2. This finding comments about two billing errors. We bill the City for products and services under the Fire Department Billing and Accounts Receivable Management Services (THE CONTRACT) and through separate Purchase Orders for miscellaneous transactions. To date we have provided the City with approximately \$500,000 of equipment and services at our cost (with no profit) under THE CONTRACT. The audit has correctly identified that two invoices that should have been priced under the terms of THE CONTRACT were priced as though they were to be billed against Purchase Orders. The City is due a refund of \$1,000.25 for which we will be happy to issue a credit memo.

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Vendor's Response to Audit Findings—Page 2.

Finding 3. THE CONTRACT requires that initial patient billing be performed within seven days of receipt of the account. THE CONTRACT should be modified. The lack of information provided by the City and the fact that as many as five days worth of accounts are frequently turned over at the same time make processing within seven days counterproductive to the City's financial interests. We are having to engage in significantly more effort in order to properly bill each account than was contemplated under THE CONTRACT. A thorough effort in the initial stages of billings yields higher collection rates.

THE CONTRACT also requires that contact be made with patients and insurance companies within 35 days of the last contact. We are in compliance relative to patient contact. Contacting Medicare, Medicaid and many insurance companies sooner than 45 days after the initial billing claim is counterproductive and slows down the payment process. THE CONTRACT should be modified to reflect this situation.

Finding 4. The audit states that "the collection efforts for medical insurance filings are inadequate and inefficient". While our collection rate is over 60% (a remarkably good number for ambulance accounts, especially on the border), we will agree that philosophically an uncollected account is the result of inadequate efforts. Government and business alike are faced with the practical issue of balancing costs against results.

The audit reviewed a total of 34 accounts and comments about timing issues relating to dealing with outside organizations (insurance companies). Our feeling is that while there is always room for improvement, our efforts are appropriate and consistent with the economic and operational environment but as always we are open to suggestions from the City.

Finding 5. We are writing off accounts where the responsible party is deceased or where the balance is less than \$5.00. The audit is correct in stating that there are no written instructions from the City in this regard. Our policies have been based upon oral instructions from prior City administrations. We will discontinue these write-offs pending written instruction from the City.

Vendor's Response to Audit Findings—Page 3.

The audit comments about documentation in our electronic system relating to write-offs not being adequate. The information in question was available but in the opinion of the auditor was not as convenient to reach as it could be. While we have felt that our system relating to documenting write-offs has been efficient for our purposes, we have taken the City's suggestions to heart and have implemented the new suggestions.

Finding 6. The finding is that accounts are not being reported to credit reporting agencies. It has historically been the view of both City Councils and the City Administrations that turning accounts over to a credit bureau was not a desirable course of action.

Under the current City Administration we have been working to report uncollected accounts (as appropriate and without discrimination) to Experian. Computer systems have been put in place and drafts of policy directives have been exchanged between us and the City. When the City issues it's final directive we will begin the process.

The finding that "Making the statement that certain accounts are reported to Experian when they are not is a violation of the Fair Debt Collection Practices Act Section 807..." is not consistent with the opinion of legal counsel that reviewed the wording on our correspondence. Once credit reporting begins the issue will be moot.

Finding 7. THE CONTRACT requires certain types of reporting between us and the City based upon mutually established written procedures. We continue to stand ready to cooperate in establishing and following these written procedures and will proceed when the City is ready.

Finding 8. The finding is that the Medically Indigent Program (a price reduction system for those in need) should be updated. We agree with the audit and stand ready to work with the City as it directs.

Finding 9. This finding observes inconsistencies in calculations on a report provided to the City. The audit is correct. Prior to the audit the report was prepared manually utilizing a personal computer spreadsheet. As a result of the finding the report has been programmed to run with our central computer system, resulting in greater consistency in reporting.

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Vendor's Response to Audit Findings—Page 4.

We would like to thank the personnel at the Internal Audit Office for their professionalism and cooperation in this process. We believe that the results of the audit show that we are doing a good job and that some requirements specified in THE CONTRACT have changed over a period of time. We feel it is appropriate to amend THE CONTRACT in the areas that the audit has found inconsistencies and look forward to working with the City to accomplish this goal.

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